

107TH CONGRESS
1ST SESSION

H. R. 2293

To amend the Internal Revenue Code of 1986 to provide a temporary reduction in the maximum capital gains rate from 20 percent to 15 percent.

IN THE HOUSE OF REPRESENTATIVES

JUNE 21, 2001

Mr. RYAN of Wisconsin introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to provide a temporary reduction in the maximum capital gains rate from 20 percent to 15 percent.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. TEMPORARY REDUCTION IN CAPITAL GAINS**
4 **RATE.**

5 (a) REDUCTION IN MAXIMUM RATE.—The following
6 sections of the Internal Revenue Code of 1986 are each
7 amended by striking “20 percent” and inserting “15 per-
8 cent”:

9 (1) Section 1(h)(1)(C).

10 (2) Section 55(b)(3)(C).

1 (3) Section 1445(e)(1).

2 (4) The second sentence of section
3 7518(g)(6)(A).

4 (5) The second sentence of section 607(h)(6)(A)
5 of the Merchant Marine Act, 1936.

6 (b) TRANSITION RULES FOR TAXABLE YEARS
7 WHICH INCLUDE JUNE 1, 2001.—For purposes of apply-
8 ing section 1(h) of the Internal Revenue Code of 1986 in
9 the case of a taxable year which includes June 1, 2001—

10 (1) The amount of tax determined under sub-
11 paragraph (B) of section 1(h)(1) of such Code shall
12 be the sum of—

13 (A) 10 percent of the lesser of—

14 (i) the net capital gain taking into ac-
15 count only gain or loss properly taken into
16 account for the portion of the taxable year
17 on or after such date (determined without
18 regard to collectibles gain or loss, gain de-
19 scribed in section (1)(h)(6)(A)(i) of such
20 Code, and section 1202 gain), or

21 (ii) the amount on which a tax is de-
22 termined under such subparagraph (with-
23 out regard to this subsection), plus

24 (B) 10 percent of the excess (if any) of—

1 (i) the amount on which a tax is de-
2 termined under such subparagraph (with-
3 out regard to this subsection), over

4 (ii) the amount on which a tax is de-
5 termined under subparagraph (A).

6 (2) The amount of tax determined under sub-
7 paragraph (C) of section (1)(h)(1) of such Code
8 shall be the sum of—

9 (A) 15 percent of the lesser of—

10 (i) the excess (if any) of the amount
11 of net capital gain determined under sub-
12 paragraph (A)(i) of paragraph (1) of this
13 subsection over the amount on which a tax
14 is determined under subparagraph (A) of
15 paragraph (1) of this subsection, or

16 (ii) the amount on which a tax is de-
17 termined under such subparagraph (C)
18 (without regard to this subsection), plus

19 (B) 20 percent of the excess (if any) of—

20 (i) the amount on which a tax is de-
21 termined under such subparagraph (C)
22 (without regard to this subsection), over

23 (ii) the amount on which a tax is de-
24 termined under subparagraph (A) of this
25 paragraph.

1 (3) For purposes of applying section 55(b)(3)
2 of such Code, rules similar to the rules of para-
3 graphs (1) and (2) of this subsection shall apply.

4 (4) In applying this subsection with respect to
5 any pass-thru entity, the determination of when
6 gains and loss are properly taken into account shall
7 be made at the entity level.

8 (5) Terms used in this subsection which are
9 also used in section 1(h) of such Code shall have the
10 respective meanings that such terms have in such
11 section.

12 (c) EFFECTIVE DATES.—

13 (1) IN GENERAL.—Except as provided in para-
14 graph (2), the amendments made by this section
15 shall apply to sales or exchanges made—

16 (A) on or after June 1, 2001, and

17 (B) in taxable years beginning before Jan-
18 uary 1, 2004.

19 (2) WITHHOLDING.—The amendment made by
20 subsection (a)(3) shall apply to amounts paid after
21 the date of the enactment of this Act.

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